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ST. MARY PARISH COMMUNICATIONS DISTRICT
STATE OF LOUISIANA

Annual Component Unit Financial Statements
With Independent Auditors' Report

And

Report on Internal Accounting Control and Compliance

And

Management Letter

For the Year Ended December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 07/03/01

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ADAMS & JOHNSON

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
St. Mary Parish
Communications District, State of Louisiana
Franklin, Louisiana

We have audited the accompanying general purpose financial statements of St. Mary Parish Communications District, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of St. Mary Parish Communications District, State of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Parish Communications District, State of Louisiana as of December 31, 2000, and the results of its operation for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 31, 2001 on our consideration of St. Mary Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

May 31, 2001
Patterson, Louisiana

ST. MARY PARISH COMMUNICATIONS DISTRICT
State of Louisiana
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2000

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash	\$ 32,022		\$ 32,022
Receivables	60,262		60,262
Furniture and equipment	<u>-</u>	\$ 88,091	<u>88,091</u>
Total Assets	<u><u>\$ 92,284</u></u>	<u><u>\$ 88,091</u></u>	<u><u>\$ 180,375</u></u>
 LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued expenses	<u>\$ 18,844</u>	<u>\$ -</u>	<u>\$ 18,844</u>
Total liabilities	\$ 18,844	\$ -	\$ 18,844
 Equity and Other Credits			
Investment in general fixed assets		\$ 88,091	\$ 88,091
Fund balance	<u>\$ 73,440</u>		<u>73,440</u>
Total equity and other credits	<u>73,440</u>	<u>88,091</u>	<u>161,531</u>
Total liabilities, equity, and other credits	<u><u>\$ 92,284</u></u>	<u><u>\$ 88,091</u></u>	<u><u>\$ 180,375</u></u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH COMMUNICATIONS DISTRICT
State of Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Communications District Tax	\$ 285,585	\$ 271,729	\$ (13,856)
Cellular Tax	103,667	137,726	34,059
Interest Earned	<u>2,488</u>	<u>2,394</u>	<u>(94)</u>
Total revenues	\$ 391,740	\$ 411,849	\$ 20,109
Expenditures			
Public Safety			
Salaries	\$ 210,050	\$ 209,899	\$ 151
Payroll taxes and employee benefits	73,245	70,235	3,010
Telephone and equipment rental	90,800	98,454	(7,654)
Dues and subscriptions	2,010	1,860	150
Professional fees	3,800	3,800	-
Building Rental	9,800	9,744	56
Supplies	6,477	6,710	(233)
Travel and training	4,800	4,438	362
Repairs and maintenance	500	491	9
Postage	102	174	(72)
SCB administration fee	3,300	2,686	614
Cellular administration fee	750	982	(232)
Insurance	1,700	786	
Bank Charges	180	207	(27)
Uniforms	530	529	1
Utilities	3,750	4,324	(574)
Capital Outlay	<u>-</u>	<u>316</u>	<u>(316)</u>
Total expenditures	\$ 411,794	\$ 415,635	\$ (3,841)
(Deficiency) of revenues over expenditures	\$ (20,054)	\$ (3,786)	\$ 16,268
Fund balance, beginning of year	<u>77,226</u>	<u>77,226</u>	<u>-</u>
Fund balance, end of year	<u>\$ 57,172</u>	<u>\$ 73,440</u>	<u>\$ 16,268</u>

The accompanying notes are an integral part of these financial statements

St. Mary Parish Communications District
State of Louisiana

Notes to the Financial Statements
December 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Mary Parish Communications District, State of Louisiana was created by Ordinance No. 1054 of the St. Mary Parish Council, on March 8, 1989, to provide emergency 911 services for all territory within the corporate limits of the Parish of St. Mary, State of Louisiana.

The financial statements of St. Mary Parish Communications District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

GASP statement No. 14, Governmental Reporting Entity, established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Communications District of the Parish of St. Mary, State of Louisiana, is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2000. The Communications District has followed GASB-14 guidance to determine that there are no financial statements of other organizations to form a financial reporting entity. These financial statements include only the operations of the District.

B. Fund Accounting

The District uses one fund and one account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The District's current operations require the use of one fund, the general fund and one account group, the general fixed assets account group.

Governmental Fund

The General Fund is the primary operating fund of the District. It is used to account for all financial resources of the District, since at the current time no other funds are required.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The District's major source of revenue is the Communications District tax, which is recorded as revenue in the month collected by the various telephone companies.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgets are amended when needed upon approval by the Board.

E. Cash

For financial statement purposes, cash includes demand deposits.

Certain cash deposits are maintained in commingled accounts with deposits of other component units maintained by St. Mary Parish Council. Interest earned on these commingled deposits are allocated to each entity based upon their pro rata share of the total deposit.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available .

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

G. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used.

Upon termination an employee is compensated for accumulated vacation time, but employees are not compensated for sick time unless termination is due to retirement.

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. These accruals at December 31, 2000 totaled approximately \$4,027.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – CASH AND CASH EQUIVALENTS

At year end, the carrying amount and the bank balance of the District's cash was \$31,772 which was fully covered by federal depository insurance.

NOTE 3 – FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	<u>Balance</u> <u>01/01/00</u>	<u>Additions</u>	<u>Balance</u> <u>12/31/00</u>
Furniture and equipment	<u>\$87,775</u>	<u>\$ 316</u>	<u>\$88,091</u>
Total	<u>\$87,775</u>	<u>\$ 316</u>	<u>\$88,091</u>

NOTE 4 – COMPENSATION OF COMMISSIONERS

The Commissioners of the District received no per diems for the year ended December 31, 2000.

NOTE 5 – COMMITMENTS

The District entered into a rental/service agreement with Bell South on November 20, 1989 to provide the District with the necessary answering point equipment and service lines to implement the 911 Emergency Service System. This agreement called for a nonrecurring charge (installment cost) of \$50,908 plus subsequent periodic monthly charges. The monthly charge of \$6,787 is made up of rental fees and service fees. The monthly services and related charges are on a month-to-month basis and can be canceled upon notification.

NOTE 6 – PENSION PLAN AND OTHER RETIREMENT BENEFITS

St. Mary Parish Communications District contributes to the Parochial Employees' Retirement System of Louisiana (Plan A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees consisting of seven members. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The System was established by the Louisiana legislature by Act 205 of 1952 and revised by Act 765 of 1979. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by calling the Parochial Employees' Retirement System of Louisiana at (225) 928-1361.

Plan members are required to contribute 9.50% of their annual covered salary and St. Mary Parish Communications District is required to contribute at a rate established by the State Legislature. The current rate is 7.75% of annual covered payroll. The District's actual contribution to the System for the year ending December 31, 2000 was \$16,076 .

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against most of these perils.

There were no significant reductions in insurance coverage from prior years.

NOTE 8 – CONCENTRATIONS

Substantially all of the District's revenues are in the form of communications and cellular tax revenue. The Communications taxes collected during 2000 accounted for approximately sixty six percent of the District's total revenue, and the cellular taxes collected accounted for approximately thirty three percent of the District's total revenue received.

NOTE 9 – ADDENDA TO FINANCIAL REPORT RERQUIRED BY LRS 33:9101
ET SEQ.

In accordance with LRS 33:9101 et seq. and the Legislative Auditor Memorandum dated March 22, 2000, the following is a summary of revenues derived from wireless service charges, how such funds were expended, and the progress of Phase 1 Implementation.

As of December 31, 2000

Total funds received from wireless service charges \$ 137,726

Expenditures made solely for wireless 9-1-1 \$ 30,996

During the year ended December 31, 2000 the St. Mary Parish Communications District received 16,467 wireline calls and 6,221 wireless calls. The wireless calls accounted for 38% of the total calls to the District. The District's equipment is Phase 1 ready, but the service providers have not completed Phase 1 Implementation or have they signed their cooperative endeavor agreement. (See findings and questioned costs for the status of the District's progress of Phase 1 Implementation).

NOTE 10 - CONTINGENCY

The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service providers and 911 Districts alike. The Louisiana Legislature enacted Act 1029, during the 1999 regular session, to address the issue of a cost recovery mechanism for Phase 1 of the FCC order, and was made effective January 1, 2000. The purpose of the Act is to establish a necessary funding source to be used as a cost recovery mechanism for Phase 1. The Act authorizes Louisiana Communications Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate District for said purposes. Proceeds shall be used for payment of wireless services suppliers and the District's costs associated with the implementation of enhancements required in Phase 1, or specifically, the ability for the District to receive the telephone number and location of the cell tower of the device assessing the 911 system. During the year ending December 31, 2000 the District utilized approximately \$36,959 of these funds for basic operating cost which could create a potential liability requiring repayment. It is not clear whether the District can utilize these funds for basic operating cost or if these funds should only be utilized for Phase 1 equipment implementation and payment to service suppliers only.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
St. Mary Parish Communications District
State of Louisiana
Franklin, Louisiana

We have audited the general purpose financial statements of the St. Mary Parish Communications District, as of and for the year ended December 31, 2000, and have issued our report thereon dated May 31, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary Parish Communications District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed material instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 00-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 00 -1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the accompanying schedule of findings and questioned costs as item 00 -1 is not a material weakness.

This report is intended for the information of management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Adams & Johnson

Adams & Johnson, CPA's
Certified Public Accountants

Patterson, Louisiana
May 31, 2000

ST. MARY PARISH COMMUNICATIONS DISTRICT

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2000

Part 1 - Summary of Audit Results

FINANCIAL STATEMENTS

1. Auditors' Report

An unqualified opinion has been issued on the general purpose financial statements of the St. Mary Parish Communications District.

2. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

There was one reportable condition in internal control over financial reporting noted during the audit of the financial statements. This is reported as 00-1 in Part 2 and is not considered a material weakness.

Compliance

There were material instances of noncompliance noted during the audit of the financial statements reported as 00-2 in Part 2.

FEDERAL AWARDS

The St. Mary Parish Communications District did not receive federal awards during the year ended December 31, 2000.

Part 2 - Financial Statement Findings

Finding 00-1

Condition - The District had a credit card with a \$2,500.00 credit limit to be utilized by the prior director for operational costs.

Cause & Effect - In January of 2000 the previous director of the District used the District's credit card for personal expenses at a casino in the amount of \$2,498.00. This was an isolated instance and occurred only in the month of January 2000. The director resigned from the Communications District and paid back the entire \$2,498.00 in the month of January of 2000.

Recommendations - We recommend that the District reduce the credit limit to reduce their exposure to any future losses.

Response - The District has changed their policy regarding the use of their credit cards with the credit card companies. Only charges for travel will be accepted by the credit companies. The two credit cards the District currently uses each have a \$1,200.00 limit.

Finding 00-2

Criteria – The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service providers and 911 Districts alike. The Louisiana Legislature enacted Act 1029, during 1999 regular session, to address the issue of a cost recovery mechanism for Phase 1 of the FCC order, and was made effective January 1, 2000. The purpose of the Act is to establish a necessary funding source to be used as a cost recovery mechanism for Phase 1. The Act authorizes Louisiana Communication Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate District for said purpose. Proceeds shall be used for payment of wireless service suppliers' and the district's costs associated with the implementation of enhancements required in Phase 1, or specifically, the ability for the District to receive the telephone number and location of the cell tower of the device assessing the 911 system. Each district shall enter a cooperative endeavor agreement with each wireless service supplier providing service in the district for the purpose of implementation of enhancements required by FCC Matter 94-102. Such an agreement shall establish the cost of implementation to be recovered by the wireless service supplier. Once the necessary agreement has been reached with a wireless service supplier and net proceeds from the service charge remitted to the district by such supplier are sufficient to implement the desired phase of the enhancements by such supplier, the district shall request that such supplier implement such enhancements and shall provide funds to such supplier in accordance with the applicable agreement. The wireless service supplier shall implement the requested phase of enhancements within six months of such request unless a shorter or greater time is required or allowed by the Federal Communications Commission.

Condition – Parishes with a population greater than 30,000 should be completed with Phase 1 Implementation by January 1, 2001 with each service provider located within the respective districts. The District's equipment is in compliance with Phase 1 but their suppliers are still in the process of upgrading their equipment. During the audit it was noted that as of December 31, 2000 the District had not yet entered any cooperative endeavor agreements with the service providers in the District as required during the implementation of Phase 1. Since, none of the service suppliers have signed a cooperative endeavor agreement none of the service suppliers have been paid any recovery charges by the District during the year ending December 31, 2000. Although the service suppliers have yet to complete Phase 1, wireless users have maintained access through the wireless service suppliers to the 911 system. This access does not provide the District with the telephone number or the cell tower location as required by Phase 1. Due to the volume of wireless calls into the 911 system, and the increase in time to process such calls the District has incurred additional cost. The District has utilized part of the emergency service charge to cover these costs.

Cause and Effect – The District notified each service supplier by certified letter in May of 2000 of the adoption by the Board of Commissioners of Resolution No. 050598-C which levied an emergency telephone service charge of \$0.85 per month per wireless user. In compliance with the act, the District also sent a letter to each service provider requesting Phase 1 service and the requirement of a cooperative endeavor agreement. On January 2, 2001 the District entered its first cooperative endeavor agreement with Bell South Mobility and is still in the negotiation process with the remaining service suppliers. The District is encountering various issues with its service suppliers in completing the remaining cooperative endeavor agreements. The issues range from suppliers merging or being bought out, suppliers requesting unreasonable non-reoccurring/reoccurring costs without justification, or suppliers refusing to participate/delaying in the participation in agreement negotiations. This lack of cooperation from certain wireless suppliers has, and will continue to cause a delay for the District to meet FCC 94-102 in a timely manner.

Recommendation - The District should consider seeking legal recourse against those service suppliers not cooperating in completing the cooperative endeavor agreement required by Phase 1 and notification of the Federal Communication Commission of this lack of cooperation.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Management's Corrective Action Plan For Current Year Findings For the Year ended December 31, 2000

Section I Internal Control and Compliance Material to the Financial Statements

Finding 00-2

Recommendation - The District should consider seeking legal recourse against those service suppliers not cooperating in completing the cooperative endeavor agreement required by Phase I.

Corrective Action Plan - The District is currently in the negotiation phase with many of the suppliers trying to obtain accurate recovery cost and signed cooperative endeavor agreements. If any suppliers refuse to cooperate the District will have no choice other than seeking legal recourse.

Secton II Internal Control and Compliance Material to Federal Awards

St. Mary Parish Communications District did not receive any federal awards for the year ended December 31, 2000.

ST. MARY PARISH COMMUNICATIONS DISTRICT

Schedule of Prior Year Findings
For the Year Ended December 31, 2000

This section is not applicable for the year ended December 31, 2000 , because there were no prior year findings.

ADAMS & JOHNSON

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Management Letter For the Year Ended December 31, 2000

May 31, 2001

Board of Commissioners
St. Mary Parish
Communications District, State of Louisiana

During our audit of your financial statements for the year ended December 31, 2000 we discovered a potential liability regarding the use of the funds derived from Act 1029. The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service providers and 911 Districts alike. The Louisiana Legislature enacted Act 1029, during the 1999 regular session, to address the issue of a cost recovery mechanism for Phase 1 of the FCC order, and was made effective January 1, 2000. The purpose of the Act is to establish a necessary funding source to be used as a cost recovery mechanism for Phase 1. The Act authorizes Louisiana Communications Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate District for said purposes. Proceeds shall be used for payment of wireless services suppliers and the District's costs associated with the implementation of enhancements required in Phase 1, or specifically, the ability for the District to receive the telephone number and location of the cell tower of the device assessing the 911 system. During the year ending December 31, 2000 the District utilized approximately \$36,959 of these funds for basic operating cost which could create a potential liability requiring repayment.

It is not clear whether the District can utilize these funds for basic operating cost or if these funds should only be utilized for Phase 1 equipment implementation and payment to service suppliers only. We recommend that management contact the Attorney General's Office and obtain an opinion as to the proper use of the funds generated as a result of Act 1029.

This report is intended for the information of management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Adams & Johnson".

Adams & Johnson, CPA's
Certified Public Accountants

Patterson, Louisiana
May 31, 2000